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C O N F I D E N T I A L SECTION 01 OF 05 HONG KONG 002119

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DEPARTMENT FOR EAP, EAP/CM  
NSC FOR WILDER

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TAGS: PREL PGOV ECON PINR HK CH

SUBJECT: CONSTITUTIONAL REFORM HALF A YEAR LATER: WHAT  
HAPPENED? WHAT'S NEXT?

REF: A. 05 HONG KONG 5625

1B. HONG KONG 1816

HONG KONG 00002119 001.2 OF 005

Classified By: Consul General James B. Cunningham. Reasons: 1.4 (b,d).

11. (C) Summary. The dust has settled since the defeat by Hong Kong democrats of Donald Tsang's Constitutional Reform package in December. Tsang's strategy failed because he didn't anticipate the ability of the pan-democrats to remain united on the call for a timetable for democracy. He believed until the very end that he could split off the minimum votes necessary from the pan-democratic group. He wasn't willing to make a deal, which might have been done, at the cost of giving the organized parties in the pan-democratic group (i.e., the Democratic Party (DP) and the Article 45 Concern Group) credit for an improved political reform package that would translate into political strength. Many Democrats were also unwilling to deal if that meant preserving a government proposal that would have expanded the democratic space but probably to their political disadvantage. In the end, both sides preferred to preserve the status quo, with the pan-democrats playing to fight another day and to retain ownership of their only core issue -- democracy in Hong Kong.

12. (C) They may have overplayed their hand. The failure of the Government's proposal has put both democratization and debate on universal suffrage on hold for the time being. The incrementalist strategy that Tsang sold to Beijing )- we suspect on the grounds that he could use it to preserve stability and prosperity, maintain control, build support for pro-Beijing politicians and undermine the more extreme democrats )- has been sidetracked by his defeat. But Tsang's public support, buoyed by a vibrant economy, is

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stronger than ever, as is public confidence in Beijing. The Democratic Party (DP) is widely blamed for the outcome and is

now limping in the polls, despite predictions in December to the contrary. Attempts by Beijing to curtail the "future of democracy" discussion (ref b) may give the pan-democrats an opening, however.

¶3. (C) The pan-democrats are working now to prepare to challenge Tsang in the next round, the election of the Chief Executive on March 25, 2007, the maneuvering for which is already beginning. (The members of the Election Committee will be chosen this coming December.) They have no hope of defeating him, but hope to provoke a full debate on Hong Kong's political future by securing nomination of a challenger -- which some hope will be the formidable and popular Anson Chan. A campaign which produced a "win" for Chan in public opinion polls despite Tsang's (and Beijing's) control of the CE selection process would be a powerful symbol.

¶4. (C) While Tsang may be sincere in his expressed desire to see movement toward universal suffrage during his time as CE, given what he himself calls his "masters" in Beijing, his continuing political priority is likely to be to cow the unruly pro-democracy forces that Beijing sees as a threat to Hong Kong's "harmony," and which some Hong Kong elites see as a threat to Hong Kong's economic future. As in December, the struggle between the pan-democrats and Tsang for political power is likely to take precedence over finding agreement on a way forward on democracy. End summary

Not prepared for Failure?

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¶5. (C) The Tsang Government failed both strategically and tactically: strategically by never articulating a vision and tactically by seeking to split off the votes of the six pro-democracy, independent Legco members, rather than seeking broader support among the pro-democracy legislators, particularly the two largest organized parties, the DP and

HONG KONG 00002119 002.6 OF 005

the Article 45 Concern Group. Tsang's refusal to articulate an independent vision, especially when Anson Chan directly challenged him to do so, only reminded Hong Kong that Beijing really called the shots and set the limits. All reports indicate that Tsang only ever made an effort to get the six independent, pro-democracy votes he needed to secure Legco passage. This is all the more striking in that the elements of a compromise, including some sort of agreement on possible direct election of the Chief Executive in 2012 and agreement by Beijing to (albeit later, and separate from the reform proposal) formulate a timetable for universal suffrage, seemed achievable.

¶6. (C) We believe that until the very end Tsang thought he would prevail, and so may have considered that allowing the pan-democrats to take credit for success would be worse politically than for his proposal to fail outright. Indeed, an outcome perceived as strengthening Hong Kong's pro-democracy forces would have been hard to swallow in Beijing. In the event, Tsang has suffered little politically from the proposal's defeat, although it may have raised doubts about his competence and political skills in Beijing, and it has driven him (at Beijing's urging, it appears) closer to the pro-Beijing political parties. The pan-democrats, on the other hand, are in their customary disarray. The new Civic Party (CP, formed on the base of the Article 45 Concern Group), which has positioned itself closer to the center, may be able to supplant the DP as the core of the pan-democracy forces.

Why did Tsang fail?

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¶7. (C) Why did the Government's plan fail? It was striking that, on a number of occasions, the Government side -- including Beijing representatives -- came within a

hairsbreadth of offering the pan-democrats what they wanted. Tsang was quoted on a number of occasions as saying he

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personally wanted universal suffrage, as soon as possible, and would devote his next term to it, if re-elected. Many speculated about possible universal suffrage for the election of the Chief Executive in 2012, with the more difficult issue of elections to the Legco deferred until 2016. And at a December 2, 2005 Shenzhen meeting, NPC Standing Committee Secretary General Qiao Xiaoyang told Legco members that

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Beijing would agree to a timetable -- but not to setting a timetable before the Government proposal passed.

¶8. (C) It is clearer now that neither the HKG nor Beijing were ever willing to present these concessions in a way that the pan-democrats could take as a "victory," nor were they willing to strengthen them to the point where Beijing really did appear to be compromising. Nor were the pan-democrats willing to advance their own proposal for a compromise way ahead. Tsang's decision to not lobby all 25 democracy-identified legislators, but to focus on the "undecided" six, indicates that from the outset he did not need or want majority support from the Democrats, nor want to share political credit for success. And from the pan-democrats' perspective, voting down the reform package and maintaining the status quo was clearly preferable to allowing Tsang to co-opt their most important, and some would argue, their only policy position, the fight for universal suffrage.

Not enough stakeholders in the concept

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¶9. (C) On the Government side, there was not that much enthusiasm within Legco among the so-called pro-Government parties. It was no secret that neither the DAB nor the Liberals really liked the proposal. In fact, there was real concern among some of them that the Legco reforms would actively disadvantage their parties in the next elections,

HONG KONG 00002119 003.6 OF 005

and both parties likely would have lobbied strongly against any additional concessions to the democrats. (Interestingly, some younger, non-Legco members of the Democratic Party wanted to support the Government proposal, since they believed it would have enhanced their own chances to win Legco seats in the future. But the party leadership concluded from the outset that their political influence would be diluted under the Tsang proposal.) From the so-called pro-Government parties' point of view, and, many thought, from Beijing's point of view, it was all the same, whether the proposal passed, or whether the status quo was unchanged. (Some here believe, however, that at least some senior leaders in Beijing were unhappy with the proposal's failure, and wanted to see some limited movement.) But only the Tsang administration had prestige or power at stake in the success of the proposal.

¶10. (C) The large turnout at the December 4 march was important, and the united appearance of the pro-democracy legislators was probably even more important in cementing their commitment. The unexpected participation of former Chief Secretary Anson Chan, who had not previously identified herself with pro-democracy efforts, transformed the dynamic, placing at the movement's head a figure as clearly "mainstream" and popular as the CE himself. This had a powerful impact on public opinion and provided pro-democracy legislators with broad political cover.

Counting the votes

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¶11. (C) The Government needed to secure six votes in addition

to the Democratic Alliance for the Betterment of Hong Kong (DAB) and Liberal Party (LP) members that Beijing presumably told to line up behind Tsang. Those votes existed in a block of six pro-democracy but independent Legco members, where Tsang focused all his lobbying effort. To prevail, the

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Democrats merely needed to hold at least one of them. The pro-democracy independents, who had been elected by tying themselves to the slogan of democracy, feared betraying their constituents. If they stayed in opposition to Tsang, they could be seen as standing for a simple, clear principle: universal suffrage, as soon as possible. But Tsang worked hard to win them over to his incrementalist approach, arguing that defeat of a proposal that Beijing accepted would be a serious setback to democracy in Hong Kong. Before the vote, the mainstream Democrats were keeping watch on the waverers, ready to intervene at the slightest sign of weakness.

¶12. (C) Most of our sources agree that Tsang had long believed he would get the six additional votes, and in fact had convinced 5 of the 6 to support him. One of them, pro-democracy Tsang confidante Albert "Taipan" Cheng, on the eve of December 4 pro-democracy march, published a thinly veiled protest at pressure from within the democracy movement to maintain a united opposition to the plan.

Then-independent, now Civic Party member, Mandy Tam, who represents the accountancy functional constituency, was the sixth vote and seemed just before the vote to be moving to the Tsang side. But at the last minute she withdrew from negotiations with the Government after an emotional meeting with a close Democratic colleague. Tam has confirmed this to us, adding that the Government seems to blame her above all others for the proposal's defeat. When it became clear that her vote would defeat the government, the other five moved back into opposition so as not be charged with betraying their democratic principles.

Who won, who lost?

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¶13. (C) Immediately after the December 21 failure of the Government's plan (ref a), the conventional wisdom was that Chief Executive (CE) Donald Tsang had been hurt, and that the

HONG KONG 00002119 004.2 OF 005

Democrats had only won a "small victory." In retrospect, Tsang has emerged unscathed and even strengthened. He

SIPDIS

retains his public popularity and has been able to win convincing testimonials of support from key tycoons, as well as the Beijing leadership, including an endorsement from the newly arrived Foreign Ministry Commissioner in Hong Kong. His greatest political challenges have come from his putative supporters, in the "pro-Beijing" parties, who have objected to some of his personnel decisions and his "go-it-alone," autocratic governing style. The DP and Civic Party are not enthusiastic about being pushed into opposition status, as Tsang seems tempted to do, and have demonstrated that they

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will support the government on specific issues.

¶14. (C) Within the pan-democrat camp, the initiative and lead seems to be slowly but surely passing from the Democratic Party to the newly formed Civic Party. The Civic Party is consciously positioning itself closer to the center, and is also presenting itself as a potential negotiating partner for Beijing. It pointedly omitted criticism of the June 4 1989 Tiananmen massacre from its founding platform, and withheld criticism of the HKG's budget, even as all other parties argued that the proposed tax cut was too small. Thus, if this process continues, we can expect the Civic Party to seek to lead the majority of pro-democracy voters towards a better relationship with Beijing -- assuming that Beijing

reciprocates in some way.

What does this mean for future of Hong Kong's democracy?

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¶15. (C) No one has yet offered a concrete vision of what universal suffrage and democratic politics in Hong Kong might look like, although Tsang is on the hook to propose a "roadmap" for universal suffrage late this year or early in ¶2007. That report is likely to present a series of issues which need to be resolved, and may be either obstructionist or constructive. In part because of the conflictual nature of the discussion, there is little emerging consensus. Because the pro-democracy camp has the simpler, clearer position -- despite their own lack of concrete detail -- they are likely to retain the initiative in the overall debate. But it is also not very likely that either side will be able to propose reforms that are acceptable to the other.

¶16. (C) The Democrats will try to deflect Tsang's reelection campaign, and force him to address political reform and the future of Hong Kong. For now they seem confident that they can get the 100 out of 800 votes in the CE Election Committee needed to nominate a challenger. Anson Chan is probably the candidate who could best confront Tsang on both political and governance issues and efforts are underway to persuade her to run (in public she says she's not interested). The pan-democrats' goal will be to turn the reelection into a virtual referendum on universal suffrage. Beijing apparently is already working to thwart this by trying to stack the Election Committee membership even more strongly in Tsang's favor. Tsang will probably be able to win reelection without making any specific commitments. Tsang will instead seek to strengthen ties with the pro-Government parties. Beijing, Hong Kong's tycoons, and other players as well, appear satisfied with the status quo.

¶17. (C) We expect the democrats will again attempt to force Tsang and Beijing to make a commitment to a timetable for

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universal suffrage. If they were to succeed in fielding a strong candidate and campaign which triumphs in the public opinion polls even as the Chief Executive is securing re-election in the Beijing-dominated Election Committee, that would provide a powerful symbol of the political limitations under which Hong Kong operates. Tsang and Beijing will continue to undermine Democrats who they regard as opposing them. As in December, Tsang and Beijing will not want to reward their political opposition and a continued struggle

HONG KONG 00002119 005.2 OF 005

for political power is likely to take precedence over finding a compromise to move forward on democracy.

Cunningham